



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: June 2, 2000 REPORT NO. 00-125

ATTENTION: Honorable Mayor and City Council
Docket of June 5, 2000

SUBJECT: New Main Library Site Information

REFERENCE: City Manager's Report 00-107, May 18, 2000

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE CITY COUNCIL.

BACKGROUND

At the City Council meeting of May 30, 2000, the New Main Library Site Selection, Item #200, was discussed. During the discussion, several questions arose regarding the site identified as 707 LLC. The item was continued for one week and the City Manager was directed to provide the City Council information regarding relocation of existing tenants occupying the property impacted by the 707 LLC site proposal. This report is intended to provide that information.

DISCUSSION

Property Ownership

The 707 LLC site is located on the two blocks bordered by Broadway and E Street, and 7th and 9th Avenue. The proposed design provides a building on the northern half of the existing library site, on the east side of 8th Avenue, which would arch across 8th to rest on the north-east quadrant

of the neighboring block (see attachment 1). The eastern block is composed of four parcels, each of which is owned by a different party. One parcel, which covers the southern half of the block, is owned by the City and is currently occupied by the existing Central Library. The other three parcels are owned by individual owners. One of these owners, James Hall, has stated in writing that he is not interested in selling his property. The western block is composed of ten parcels, eight of which are not affected by the proposed library facility. The remaining two parcels are owned by one individual, who has also indicated that he is not interested in selling his property.

Should the 707 LLC site be selected for the New Main Library, the Redevelopment Agency would likely be required to initiate condemnation proceedings to acquire some of these parcels if any of the current owners remain unwilling to sell their property.

Existing Businesses and Residences

There are several businesses currently in operation on these two blocks (see attachments 2 and 3). On the eastern block, in addition to the Central Library, there are also a parking lot, two barber shops, an optometrist, a tattoo parlor, and a wig shop. There are also two residences occupying the property including the Savoy Apartments (composed of 7 or 8 units) and the Carnegie Apartments.

The Carnegie Apartment building is composed of 60 units and houses 63 residents. Two-thirds of the residents are over 55 years of age, the oldest of whom is 86. The average length of residency is eight years. One-third of the residents have lived in the Carnegie in excess of ten years, several folks in excess of 20 years. 17 of the residents are mentally or physically challenged and 95% fall into the very low income range (annual income below \$18,800 for a one person household).

On the western block, there are two parking areas, one above grade structure and one surface lot, and the Washington Mutual building. Per the 707 LLC proposal, both the above grade structure and the Washington Mutual building would remain in place and continue to operate as they do currently. The proposed New Main Library would impact the surface parking lot only on this block.

Acquisition and Relocation Process

Conducting an acquisition and relocation process properly and in accordance with the law would be the responsibility of the Centre City Development Corporation (CCDC) as the agent for the Redevelopment Agency. Any relocation efforts would be performed in accordance with provisions of the California Relocation Assistance Law, California Government Code, Section 7260 et. Seq., and the California Code of Regulations, Title 25, Chapter 6 (the "State Relocation Law") and, the Redevelopment Agency's Amended Rules and Regulations for Implementation of the California Relocation Assistance Law. The process that would be conducted by CCDC is outlined below.

The relocation process would begin approximately 6 months prior to the time that displacement of

the current residents and businesses would need to occur. If more than 15 residents are to be displaced, a Relocation Plan is required to be prepared and approved by the Redevelopment Agency. (Beginning the process further in advance could result in basing a Relocation Plan on information that changes by the time the actual displacement occurs.) Development of the plan is anticipated to take approximately 45 days. A plan would contain information on the relocation process, a description of current residents' living situations and needs, and comparable housing units that they could be relocated into. The plan would also include an assessment of the businesses to be displaced, potential resources and a budget. Finally, the plan would describe the grievance procedure residents or businesses could utilize if they felt they were not treated fairly by the Redevelopment Agency.

The first step in developing the plan would be to conduct a community meeting to explain to the residents the relocation process and why it is needed. The goal would be to reach as many of the impacted people as possible at that time. Interviews would then be held with as many residents as possible to gain an understanding of the existing living arrangements, the financial situation, and any disabilities or physical limitations. Concurrent with the interviews, a search would take place for available comparable residential units. If a resident currently resides in a one bedroom apartment, comparable one bedroom units would be sought. The units are also required to be deemed 'decent, safe and sanitary'. The residents could move anywhere that suitable housing is available, though CCDC's goal would be to keep residents in the same general area as they are in currently unless they wished to move elsewhere. It must be determined, through a survey of the housing stock, that there are comparable residences available before relocation can occur.

A budget would then be developed based on available comparable units. Under state law, rental assistance would be provided for 42 months (3 ½ years) and paid in one lump sum. (This is the maximum that can legally be paid with public funds.) The calculation of the amount of assistance is based upon the person's income, rent paid at the existing location, and the rent cost of the new unit. The budget is important because displacement cannot occur unless the agency has the total funds available to pay the rental assistance to the residents. If the final displacement cost exceeds the budget, the Redevelopment Agency must make funds available for the total relocation costs.

Once developed, the relocation plan would be circulated for 30 days to local agencies, including the Housing Commission, and to other interested parties to review. This review would identify any other displacements planned for the same time and allow the opportunity for others to provide comments or indicate concerns. These comments, and responses prepared by CCDC, would then become part of the plan that is routed for approval. The approval process requires approximately 60 days to complete and includes approval by the Project Area Committee, the CCDC Board, and the Redevelopment Agency.

CCDC would then initiate the acquisition process if directed to do so through agreements with the Redevelopment Agency. Typically, an offer to purchase is made to the property owner and approximately 30 days is allowed for a response. (Even if the property is subsequently condemned by the Redevelopment Agency, negotiations to purchase the property can continue.) If a current owner is not a willing seller, then the condemnation process would begin. It would take between 15 and 45 days to schedule the hearing for condemnation. Tenants would be eligible for the rental assistance with the initial offer to purchase, and could start moving and receiving the benefits immediately. If the Redevelopment Agency approves condemnation of the property and the Court grants an Order of Immediate Possession, any tenants that still occupy the property would be given a 90 day notice to vacate the property.

A timeline summarizing the number of days involved in each step of the process follows. As some of these activities happen concurrently, the minimum total time required for the relocation process is nine months.

Timeline

Relocation Plan Preparation	45 days
Relocation Plan Review	30 days
Relocation Plan Approval	60 days
Acquisition Offers	30 days
Relocation of Tenants *	135 days
Condemnation Hearing Notice **	15 days
Order of Immediate Possession ***	90 days

* Relocation assistance would begin when the initial offers are made for acquisition of the property. The relocation of tenants would happen concurrent to the condemnation hearing process and the follow through on the Order of Immediate Possession.

** The legal requirement for the notice on the condemnation hearing is 15 days. Depending upon the scheduled meeting date of the Redevelopment Agency, the actual time for the hearing may be 30 to 45 days.

*** If the Redevelopment Agency approves condemnation of the property and the Court grants the Order of Immediate Possession, 90-day notices to vacate would be issued at that time to the remaining tenants on the property.

Cost Estimates

The cash flow prepared for the 707 LLC site (included in the documentation attached to Manager's Report 00-107) was based on cost estimates prepared by the developer and reviewed by a City consultant. The total development cost of \$134.5 million reflects the developer's cost estimate of \$128.5 million plus City-controlled project-related costs of \$6 million. \$3.6 million has been included in the total project development cost for the purchase of the required property not currently owned by the City. This estimate for acquisition of land was prepared based on the

fair market value of comparable property. In addition, the total development cost includes an estimate for tenant relocation as developed by 707 LLC, but the specific amount is undefined.

Respectfully submitted,

Bruce A. Herring
Deputy City Manager

HERRING/LKC

Note: Copies of the attachments are available for review in the City Clerk's office.

Attachments: 1. Parcel map (indicates ownership and proposed facility layout)
2. Map of eastern block (indicates business interests)
3. Map of western block (indicates business interests)